

A Commercial Crossroads of Europe

by Kelly Parsons

Office of the European Union and Regional Affairs, Market Access and Compliance

Surrounded on all sides by members of the European Union, Switzerland and its tiny neighbor, Liechtenstein, remain the sole Western European countries that have not joined the union. Switzerland remains proudly independent and neutral: in a 2001 referendum, its citizens voted down a proposal put forth by the Swiss government to even begin a national discussion on EU accession. Yet the country's history of self-reliance has not kept it from the benefits of European integration.

Switzerland has become economically intertwined with its neighbors, despite its long tradition of standing alone. In September 2002, it joined the United Nations, and, along with Liechtenstein, Iceland, and Norway, is a member of the European Free Trade Association. Switzerland has agreements with the European Union that guarantee it many of the same economic advantages and lowered barriers to trade that EU members enjoy. Switzerland is also a key supporter of the United States on a number of political and economic issues, particularly matters within the World Trade Organization, and it serves as a host country to the WTO and several other international bodies. The United States and Switzerland have strong bilateral ties.

FACTS AND FIGURES

Total area: 41,290 square km (a bit less than twice the size of New Jersey)

Population: 7.3 million

GDP: \$306 billion (2003 forecast)

GDP growth: 2.8% (2003 forecast)

Inflation: 2.6% (2003 forecast) GDP by sector: services 68%,

industry 29%, agriculture 3%

Main industries: machinery, chemi-

cals, watches, textiles, precision instruments

Currency: Swiss franc

Exports: machinery, chemicals, metals, watches, agricultural products

Imports: machinery, chemicals, vehicles, metals, agricultural

products, textiles

Free trade agreements/ membership: European Free Trade Association (EFTA), European

Economic Area (EEA)

Official languages: German 64%, French 19.2%, Italian 7.6%. Many

Swiss speak English.

Sources: CIA, EIU.

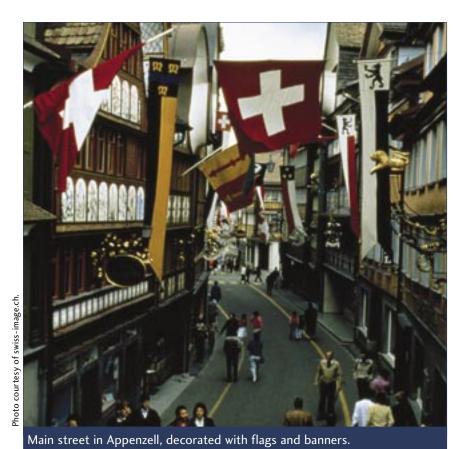
In January 2003, U.S. Commerce Secretary Donald Evans participated in the U.S.-Swiss Joint Economic Commission with his Swiss counterpart and a panel of leaders from the U.S. and Swiss business community, to discuss restoring investor confidence through corporate governance and accountability.

AN OPEN MARKET PARTNER

Switzerland's history of staunch independence pertains not only to its sovereignty but also to its citizens. The Swiss Federation includes 26 cantons with considerable local power, making for a rather decentralized national government that imposes less of the restrictive regulation on business experienced elsewhere in Europe. Switzerland has liberal trade and investment policies and a conservative fiscal policy.

The Swiss legal system is highly developed, commercial law is well defined, and solid laws and policies protect investments. The Swiss franc is one of the world's soundest currencies, and the country is known for its high standard of banking and financial services. The Swiss franc is the sixth most-traded currency in the world.

U.S. firms exporting to Switzerland experience relatively few problems or trade barriers. In fact, U.S. trade with Switzerland totals close to \$20 billion—nearly as high as with Italy or Spain, countries with significantly larger populations. The United States ranks fourth as a supplier of Switzerland's annual \$75 billion in imports, and first as a non-EU trading partner. More than 600 U.S. firms have offices in Switzerland, and Swiss



firms in the United States employ approximately 400,000 people.

DISTINGUISHED TASTES, KNOWLEDGEABLE CUSTOMERS

The Swiss are well educated, affluent, and international, with immigrants accounting for one-fifth of the population. Most Swiss in the business community speak at least two languages, and many speak English. Switzerland

TOP U.S. EXPORTS TO SWITZERLAND, 2002

Precious stones, metals	\$2.7
Machinery	\$0.9
Optical, medical equipment	\$0.7
Art and antiques	\$0.6
Pharmaceuticals	\$0.5
Albumins, modified	
starch, glue	\$0.3
Aircraft	\$0.3
Electrical machinery	\$0.3
(in billions of dollars)	

boasts a highly skilled and motivated work force, and its laws provide for flexibility in the labor market. Switzerland enjoys one of the world's highest qualities of life, and the country has one of the highest concentrations in the world of computer and Internet usage per capita. Swiss citizens are highly literate and are covered by national health care. All of these qualities make Switzerland an excellent test market for businesses hoping to introduce products into Europe. These factors, along with a business-friendly legal environment, explain why Switzerland has attracted numerous U.S. companies in recent years.

As a prosperous, highly developed Western democracy, Switzerland's business customs and practices are similar to those of other northern European countries. While some American businesspeople may find their Swiss counterparts somewhat more formal, business in Switzerland is similar to that in the United States.

Official Holidays, 2003

January 1

New Year's Day

April 18

Good Friday

April 21

Easter Monday

May 1

Labor Day

May 29

Ascension

June 9

Whitmonday

August 1

Swiss National Day

September 11

Geneva Thanksgiving

December 25

Christmas

December 31

New Year's Eve



Punctual
Germanhighly in
ample le
up busin
highly en
should no
in" without

Punctuality, particularly in German-speaking areas, is highly important. Allowing ample lead time in setting up business appointments is highly encouraged, and one should not expect to "drop in" without an appointment.

Switzerland has a reputation for excellence in producing high quality, value-added goods such as industrial machinery (particularly machine tools), watches, chemicals, and pharmaceuticals. It is also a consumer of these products from the United States. The country's highly developed industrial base provides an attractive, open market. As a result, imported components are integrated within world-class Swiss products. In 2002, the top U.S. exports to Switzerland were machinery, electronics, chemicals, and vehicles. Despite its relatively small population of just over 7 million, Switzerland was the United Sates' 17th-largest export market in 2002. As the numbers clearly indicate, U.S. companies are already finding sales success in the Swiss market, many with the assistance of the U.S. Commercial Service. The Commercial Service has helped companies in various industries, from watch manufacturers to computer software firms, establish strong footholds in the country.

Switzerland's open market, affluence, cosmopolitan population, central location, and sound economy make it an excellent export target. U.S. companies looking to Europe will find an advanced market with a wealth of opportunity in Switzerland.

TRADE EVENTS

U.S. exporters are strongly urged to participate in reputable trade shows in Switzerland to give their products commercial exposure. Swiss buyers, agents, and distributors, to a greater extent than their U.S. counterparts, use trade shows as a means of finding new products. It is often more difficult to arrange personal meetings with prospective Swiss business partners if the U.S. company has not already expressed its commitment to the Swiss market by participating in trade fairs. In addition to trade events in Switzerland, Swiss companies regularly participate in the major shows in Germany and Italy. As with most European countries, there is no substitute for establishing a personal relationship with a potential business partner.

UPCOMING TRADE EVENTS

Date	City	Event
May 20-22	Geneva	EIBTM (Tourism)
September 23–26	Basel	Orbit/COMDEX Show
September 29	Zurich	MBA Fair
October 12–18	Geneva	World Telecommunications Exhibition
November 11–14	Zurich	Security and Law Enforcement Equipment Show

WEB RESOURCES

U.S. Commercial Service in Switzerland

www.buyusa.gov/switzerland/en

Tel: (+41-31) 357-7642 Fax: (+41-31) 357-7336

U.S. Embassy in Switzerland

www.us-embassy.ch

Jubiläumstrasse 93 3001 Bern, Switzerland

Tel: (+41-31) 357-7011, (+41-31) 357-7344

Swiss Embassy in Washington, D.C.

www.eda.admin.ch/washington_emb/e/home.html trade@was.rep.admin.ch

Swiss Confederation

www.admin.ch

World Economic Forum

www.weforum.org

Swiss Rail

www.rail.ch

European Free Trade Association

www.efta.int

Swiss Statistics and Key Data

www.statistik.admin.ch/stat ch/ber00/eeck m.htm

This article was compiled with the help of the Commercial Service staff in Bern, Switzerland, and the Swiss Embassy in Washington, D.C.

BEST PROSPECTS FOR U.S. EXPORTERS

Art

Switzerland is becoming an important market for art, importing more than \$1 billion per year, 54 percent of that from the United States. With one of the highest per-capita incomes in the world, the Swiss buying public values the wide range of art available in the United States. The city of Basel, Switzerland, hosts the world's largest annual art fair.

Educational Services

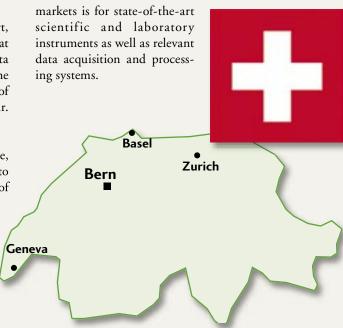
The Swiss highly value mastery of the English language, and they utilize language programs in the United States to achieve this. Based upon recent data, the vast majority of the 5,000 annual student visa holders from Switzerland visit the United States to attend English language programs. In addition, there is strong interest among Swiss business professionals in pursuing MBA degrees in the United States. Each year, the MBA Fair in Zurich encourages five to 10 students to enroll in a U.S. MBA program.

Information and Communications Technology

This industry ranks third in value, after the pharmaceutical and financial services industries, and is one of the five largest employers in Switzerland. Five-percent growth is predicted for the next five years in this sector. Software has a \$2 billion market, much of it supplied by U.S. companies enjoying a stellar reputation in Switzerland. High growth is predicted for e-commerce. Internet penetration in the country is at 60 percent, one of the highest rates in the world. In telecommunications, Switzerland hosts ITU Telecom World every four years with more than 1,000 exhibitors.

Science and Technology

Switzerland ranks among the world's leading nations in science and technology, spending an average of 2.7 percent of its GDP annually on research and development. Last year, the Swiss parliament approved a \$12.5-billion program to further research in key areas of science and technology. On a per capita basis the country boasts the world's highest number of Nobel Prize winners. One of the more promising



Security Equipment

Increased fears of terrorism and illegal immigration have moved security to the top of the Swiss political agenda. Investments in relevant security and law enforcement equipment have grown by about 12 percent annually to \$275 million. The focus is on video surveillance systems, access control, and identification, as well as home burglar alarms. Secure communications equipment is also an attractive but highly competitive market with state-of-the-art local manufacturers.

Tourism

Switzerland, despite its small population, has been a significant contributor to U.S. tourism. Some 400,000 Swiss have visited the United States every year for the past decade, spending an estimated \$2 billion each year. Following the events of September 11, 2001, the number of Swiss visitors dropped to 324,000 in 2001, and another decrease is expected in the forthcoming figures for 2002.

